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IN THE

Supreme Court of the United States

OCTOBER TERM, 1968

No. ...285

THE GENERAL TIRE & RUBBER COMPANY,
Petitioner,

v.

ISOCYANATE PRODUCTS, INC.,
Respondent.

ISOCYANATE PRODUCTS, INC.,
Respondent,

v.

THE GENERAL TIRE & RUBBER COMPANY,
Petitioner,

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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TO THE HONORABLE, THE CHIEF JUSTICE OF THE UNITED STATES AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Petitioner, The General Tire & Rubber Company, respectfully prays for a writ of certiorari to the United States Court of Appeals for the Third Circuit to review a judgment of that Court entered on April 16, 1968, affirming the order of the United States District Court for the District of Delaware, filed June 2, 1967.

The opinion of the Court of Appeals for the Third Circuit is reported in 391 F. 2d 936 and is printed at pages A1-A2 of Appendix A. The opinion of the District Court for the District of Delaware is reported in 270 F. Supp. 868 and is printed at pages B1-B8 of Appendix B.

Jurisdiction

The judgment of the Court of Appeals (printed at page A3 of Appendix A) was entered on April 16, 1968 affirming the order of the District Court filed June 2, 1967 (printed at pages B9-B11 of Appendix B). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

Questions Presented

1. Do considerations of economy of judicial effort justify exercise of the injunctive powers of a court in which a later filed action is pending, to transfer, in effect, an earlier filed action from another district to the district where the later filed action is pending, where transfer under 28 U.S.C. § 1404(a) could not have been effected?
2. Do the discretionary powers of a court permit the statutory requirements for transfer to be circumvented and rendered nugatory?
3. Should a court permit the commencement of a later filed "mirror image" declaratory judgment action, filed in violation of Rule 13(a) of the Federal Rules of Civil Procedure, to be used as a vehicle for ousting another court of its jurisdiction of an earlier filed infringement action, brought in the only district where the defendant-infringer could be sued, without satisfying the statutory conditions for transfer?
4. In the interests of effective and efficient judicial administration, should this Court resolve the plain conflict between the decision of the Court of Appeals for

the Third Circuit below and the decision of the Court of Appeals for the Seventh Circuit in *Sundstrand Corp.* v. *American Brake Shoe Co.* (315 F. 2d 273), as to the limits of a court's discretion and the interpretation of *Kerotest Manufacturing Co.* v. *C-O-Two Co.* (342 U. S. 180)?

Statutes Involved

The statutory provisions involved are 28 U.S.C. §§ 1400 (b), 1404(a) and 2201 and Rule 13(a) of the Federal Rules of Civil Procedure. They are printed at pages C1-C2 of Appendix C.

Statement of the Case

A. Background

Petitioner, The General Tire & Rubber Company (hereinafter referred to as "General Tire"), is the owner of United States Patent No. 3,072,582 for "Polyether-Urethane Foams and Methods of Making Same." Rigid polyether-urethane foam products (hereinafter referred to as "foam") made according to the patent have, among other properties, unusually high insulating characteristics which make them particularly desirable as insulation in walls of refrigerated containers. By using rigid foam, a smaller quantity of insulation is required to obtain the same properties as provided by previous materials. Thus, for a container having a fixed outside dimension, less space is required for rigid foam insulation thereby increasing the usable volume of the refrigerated container and making possible such products as "thin wall" refrigerators.

Respondent, Isocyanate Products, Inc. (hereinafter referred to as "I.P.I."), is a Delaware corporation which manufactures and sells a combination of chemicals. I.P.I. does not make or sell any foam as such but the combina-

tion of chemicals which it sells to others may be used to manufacture foam (64a-65a).[1]

Murphy Body Works, Inc. (hereinafter referred to as "Murphy") is a North Carolina corporation which, as part of its manufacturing operations, makes rigid foam which it uses as insulating material for refrigerated truck bodies (48a). In order to manufacture the foam, Murphy purchases certain chemicals from I.P.I. (42a), purchases other chemicals from another source (5b) and then mixes all of these chemicals according to a specific process to manufacture rigid foam (41a). Murphy's process for manufacturing the foam, and the foam itself, are alleged to be a direct infringement of General Tire's patent.

The only place where Murphy conducts its operation for making the infringing foam and the only place where direct infringement occurs is at Murphy's plant in Wilson, North Carolina (46a). All records concerning the purchasing of components and the production of the infringing foam therefrom are kept in Wilson, North Carolina (40a-41a, 48a). The witnesses who have knowledge of Murphy's operation and the nature of the foam made by Murphy are in North Carolina (41a, 51a, 54a-55a).

B. Pre Litigation Activities

On September 2, 1965, I.P.I. and Murphy entered into an agreement which required I.P.I. to defend and indemnify Murphy in the event that Murphy was sued for infringement of General Tire's patent (86a-87a). By that agreement, Murphy agreed to vest in I.P.I. complete and sole control over any such litigation. The pertinent sentence reads:

> "It is understood that the control of any and all actions, negotiations, determinations or materials in-

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[1] Page references are to Appellant's Appendix (a) or to Appellee's Appendix (b) in the Third Circuit.

volved shall rest solely in you [I.P.I.] and that we [Murphy] will cooperate fully with you in any such proceedings and exercise our best efforts to secure the complete cooperation of our customers. * * *"

On three occasions, December 14, 1965, January 21 and February 28, 1966, General Tire wrote to Murphy calling attention to General Tire's patent. A copy of each of these letters was immediately forwarded by Murphy to I.P.I.. Murphy, following I.P.I.'s instructions, did not respond to any of General Tire's letters (77a-83a, 94a, 49a, 62a). Had either Murphy or I.P.I., or both, chosen to seek declaratory relief against General Tire, they had ample opportunity to do so. Instead, I.P.I. and Murphy chose to remain silent and to do nothing.

C. The Litigation

On March 30, 1966, having failed to receive even an acknowledgment of the three letters to Murphy advising it of the patent and Murphy's infringement thereof (49a-50a), General Tire filed a complaint in the District Court for the Eastern District of North Carolina (Civil Action No. 970), the only district where Murphy could be sued, charging Murphy with direct infringement [35 U.S.C. § 271(a)] of U. S. Patent No. 3,072,582 (118a-119a). Jurisdiction and venue for the action were based on 28 U.S.C. §§ 1338(a) and 1400(b).

On March 31, 1966, General Tire, after having given repeated notices to I.P.I. over an extended period of time (36a-37a), filed a complaint in the District Court for the District of Delaware (Civil Action No. 3183) charging I.P.I. with violation of the patent laws by inducing others to infringe General Tire's patent in suit and by contributing to the infringement of others [35 U.S.C. § 271(b) and (c)] (4a). Jurisdiction and venue for this action were based on 28 U.S.C. §§ 1338(a) and 1400(b).

Later the same day, on March 31, 1966, I.P.I. commenced an action (Civil Action No. 3184) against General Tire in the District Court for the District of Delaware, seeking a declaration of invalidity of General Tire's patent and non-infringement thereof by I.P.I. (6a-9a). In its complaint, I.P.I. noted General Tire's earlier filed complaint in Civil Action No. 3183 and asserted jurisdiction under 28 U.S.C. §§ 1338(a) and 2201 (6a).

On April 18, 1966, Murphy, under the control of I.P.I. pursuant to the September 2, 1965 agreement, moved in the North Carolina action for a stay of all proceedings in that action pending final disposition of Civil Actions Nos. 3183 and 3184 filed in the District of Delaware (86a-87a; 75a-76a). Oral argument was heard on May 2, 1966, by Judge Larkins, who denied the motion (96a-97a).

On May 15, 1966, General Tire moved in the District of Delaware to dismiss the Complaint in Civil Action No. 3184 on the grounds that I.P.I.'s "mirror image" declaratory judgment action was the later filed action and was unnecessary because it involved the same subject matter, the same parties and the same issues as those involved in earlier filed Civil Action No. 3183 also in the District of Delaware; and was contrary to Rule 13(a) of the Federal Rules of Civil Procedure, which required that such claims be filed as counterclaims in No. 3183 (10a-12a).

While General Tire's motion to dismiss No. 3184 was pending, an arrangement was made between I.P.I. and Murphy by which I.P.I. placed ten thousand dollars into an escrow account in a North Carolina bank, for the benefit of Murphy in the event that Murphy would be "subjected to any loss" as a result of the patent suit against it (89a-92a). Murphy, as consideration therefor, agreed to join as added plaintiff in No. 3184 (47a). In accordance with the arrangement, on June 20, 1966, I.P.I., stating that it had no intention to intervene in the North Carolina case, moved (a) to amend the Complaint in Civil Action No.

3184 to add Murphy as a party plaintiff; (b) for an order enjoining General Tire from prosecuting Civil Action No. 970 against Murphy in North Carolina; and (c) to dismiss the Complaint in Civil Action No. 3183 (13a-16a).

On June 2, 1967, the District Court of Delaware entered an order which denied General Tire's motion to dismiss No. 3184, enjoined further proceedings in the first-filed North Carolina case, allowed Murphy to be added as a party in No. 3184 and permitted all discovery taken in the North Carolina action to be used in the Delaware actions (99a-101a). In effect, the order transferred the North Carolina action to Delaware.

General Tire filed a Notice of Appeal on June 16, 1967. Thereafter, on July 14, 1967, the District Court filed a written opinion (B1-B8) which is reported at 270 F. Supp. 868.

On April 16, 1968, the United States Court of Appeals for the Third Circuit rendered a judgment and a *per curiam* opinion affirming the order of the District Court (A1-A2).

The opinion of the Third Circuit and that of the District Court is squarely in conflict with the holding and rationale of the Seventh Circuit in *Sundstrand Corp.* v. *American Brake Shoe Co.*, 315 F. 2d 273 (7th Cir. 1963).

D. Chronology of Events

For the Court's convenience, the chart below outlines the chronology of pertinent events in the Delaware and North Carolina jurisdictions.

North Carolina	*Delaware*
3/30/66 Gen. Tire files action (No. 970) against Murphy for direct patent infringement after three notices of infringement are unanswered.	
	3/31/66 (A.M.) Gen. Tire files action (No. 3183) against I.P.I. for inducing infringement and contributory infringement.
	3/31/66 (P.M.) I.P.I. files action (No. 3184) against Gen. Tire for declaratory judgment of invalidity and non-infringement.
4/18/66 Murphy (under control of I.P.I. by virtue of 9/2/65 agreement) moves to stay North Carolina action pending final determination of Delaware actions.	
5/2/66 Oral argument—Judge Larkins denies motion. 5/9/66 Order entered.	
	5/16/66 Gen. Tire moves to dismiss No. 3184 on grounds that it is duplicative of earlier filed No. 3183.
	6/20/66 I.P.I. moves to add Murphy as a party plaintiff in No. 3184; to enjoin Gen. Tire from prosecuting N. C. suit, and to dismiss No. 3183.
7/25/66 Answer to Complaint and Counterclaims of Murphy filed.	
8/15/66 General Tire's Reply to Counterclaims filed.	
	6/2/67 Order of district court enjoining Gen. Tire from prosecuting No. 970 in North Carolina, and adding Murphy as a party.
	6/16/67 Gen. Tire's Notice of Appeal.
	7/14/67 Opinion of district court.
	4/16/68 Judgment and opinion of Court of Appeals for the Third Circuit.

Reasons for Granting the Writ

The precepts set forth by this Court over sixteen years ago in *Kerotest Manufacturing Co.* v. *C-O-Two Co.*, 342 U. S. 180 (1952), as a guide in dealing with multiple litigation require clarification by this Court, particularly as to the limits of discretion which that case permits in relation to the transfer statute (28 U.S.C. 1404(a)). The decision of the Third Circuit places it squarely in conflict with the Court of Appeals in the Seventh Circuit in *Sundstrand* v. *American Brake Shoe Co.*, 315 F. 2d 273 (7th Cir. 1963). In addition, the decision below will open broad avenues and suggest new and unorthodox approaches to encourage future litigants to commence "mirror image" declaratory judgment actions as vehicles to oust a district court of its proper jurisdiction and to avoid the necessity for complying with the statutory conditions for transfer.

To promote efficient and effective judicial administration, to clarify the law on important questions of multiple litigation and to resolve the conflict in the circuits, this Court should grant this petition.

I

Kerotest and the limits of a Court's discretion.

Although in *Kerotest Manufacturing Co.* v. *C-O-Two Co.*, *supra*, this Court set forth general guidelines for the resolution of controversies of this nature to provide for the more efficient administration of justice, in all candor, it should be recognized that quite the opposite effect has been achieved. That the *Kerotest* decision has generated controversies is indicated from the fact that it has been cited by courts in approximately ninety other reported cases and from conflicting commentaries which have been written discussing the problems of *Kerotest* and how it should be

interpreted.[2] The ambiguity of the *Kerotest* decision is also pointed up by the fact that it gives comfort to, and is frequently relied on by, each side to the controversy as supporting its position.[3] Clarification is therefore required.

In *Kerotest,* this Court noted that (p. 183):

> "The Federal Declaratory Judgments Act, facilitating as it does the initiation of litigation by different parties to many-sided transactions, has created complicated problems for coordinate courts. * * *"

Rather than offering a clear pronouncement concerning those problems, *Kerotest* sets forth two principles which are often in conflict and usually subject to varying interpretations as to the applicability of each, with the result that one of the principles is usually totally ignored by the courts. To conserve judicial resources, the Court recognized that:

> "* * * an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts. * * *" (pp. 183-184)

On the other hand, the Court plainly recognized limits to permissible discretion (342 U. S. at pp. 185-186):

> "The manufacturer who is charged with infringing a patent cannot stretch the Federal Declaratory Judg-

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[2] *The Enforcement of Rights Against Patent Infringers,* 72 Harv. L. Rev. 328 (1958); Peterson, *Multiple Patent Litigation—Kerotest Mfg. Co.* v. *C-O-Two Mfg. Co.,* 8 Hastings L. J. 18 (1952); 66 Harv. L. Rev. 168 (1952); Schwartz, *Competing Claims for Jurisdiction Between Federal Courts in Patent Suits* 46 JPOS 685 (1964).

[3] *Hamilton Watch Co.* v. *Read Drug & Chem. Co.,* 35 F.R.D. 125, 138 (D. C. Md. 1964).

> "The court cannot be critical of the reliance by each upon this opinion. Until the last paragraph, Read's can draw substantial comfort; but the last paragraph is conclusive against it."

ments Act to give him a paramount right to choose the forum for trying out questions of infringement and validity. He is given an equal start in the race to the courthouse, not a headstart. If he is forehanded, subsequent suits against him by the patentee can within the trial court's discretion be enjoined pending determination of the declaratory judgment suit, and a judgment in his favor bars suits against his customers. If he is anticipated, the court's discretion is broad enough to protect him from harassment of his customers. If the patentee's suit against a customer is brought in a district where the manufacturer cannot be joined as a defendant, the manufacturer may be permitted simultaneously to prosecute a declaratory action against the patentee elsewhere. And if the manufacturer is joined as an unwilling defendant in a *forum non conveniens*, he has available upon an appropriate showing the relief provided by § 1404(a) of the Judicial Code. 62 Stat. 869, 937, 28 U.S.C. §1404(a)."

These limits on discretion have been ignored by the Court of Appeals for the Third Circuit in the instant case.

The court below, in enjoining prosecution of the earlier filed North Carolina case in conjunction with the addition of the North Carolina defendant as a plaintiff in the later filed "mirror image" Delaware declaratory judgment action has, in effect, ousted the district court in North Carolina of jurisdiction of the earlier filed case and transferred the North Carolina case to Delaware, entirely without observing the conditions which the Congress has prescribed for transfer (28 U.S.C. 1404(a)). It is submitted that nowhere in the *Kerotest* case is there any justification for the exercise of discretion to such an extent. Indeed, the last paragraph of *Kerotest*, quoted above, prohibits the use of a later filed declaratory judgment action for this purpose.

Perhaps even more distressing is the plain fact that the vehicle to effect this ousting and transfer is a "mirror

image" later filed declaratory judgment action brought by I.P.I. against General Tire (No. 3184) notwithstanding I.P.I.'s knowledge of the pending action by General Tire against I.P.I. (No. 3183) raising the same issues between the same parties. The commencement of this later filed action (No. 3184) was a clear violation of Rule 13(a) of the Federal Rules of Civil Procedure which required I.P.I.'s claim to be asserted as a compulsory counterclaim in No. 3183 rather than as an independent action. Under the authorities, the duplicative action, No. 3184, should have been dismissed.[4] Instead, exercising "discretion" the courts below have sanctioned violation of Rule 13(a)—a step which can have serious consequences for the orderly and efficient administration of justice.

Rewarding violations of Rule 13(a) makes for duplicative effort and unnecessary and wasteful involvement in the courts. It can only serve to encourage multiple attempts to seek changes of forum under circumstances where Congress has not permitted transfer. It impairs rather than advances "economy of judicial effort".

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[4] "Indeed a counterclaim in the situation described may be considered compulsory, in the sense that the alleged infringer will not be permitted to bring an independent action for a declaratory judgment." 1A Barron & Holtzoff, *Federal Practice and Procedure* 615-16 (Wright Ed. 1960)

The Supreme Court has also stated that the purpose of Rule 13(a) was to prevent the filing of an independent action.

"* * * The Rule was particularly directed against one who failed to assert a counterclaim in one action and then instituted a second action in which that counterclaim became the basis of the complaint. See, *e.g., United States* v. *Eastport S.S. Corp.*, 255 F. 2d 795, 801-802." *Southern Construction Co., Inc.* v. *Pickard*, 371 U. S. 57, 60 (1962)

To similar effect see *McNeil Machine & Engineering Co.* v. *National Rubber Machinery Co.*, 7 F. R. Serv. 2d 13a.11, Case 1 (N. D. Ohio 1963); *Jepco Corp.* v. *Greene*, 171 F. Supp. 66, 68-69 (S.D.N.Y. 1959); and *Fireman's Fund Insurance Company* v. *Hanley*, 140 F. Supp. 206, 208 (W. D. Mich. 1956).

Moreover, the courts below, in the exercise of discretion, ignored important equitable considerations arising from the fact that I.P.I. was contractually obligated to defend Murphy and was actually in control[5] of Murphy's defense in the North Carolina action and therefore could have effected judicial economy within the Federal Rules of Civil Procedure by intervening in that first filed action. In *Joseph Bancroft & Sons Co.* v. *Spunize Co. of America*, 268 F. 2d 522 (2d Cir. 1959), the Second Circuit, in considering the effect of the refusal by a party to a second filed action to intervene in a first-filed action against its customer, stated (p. 524):

> "* * * Surely, if Bancroft chose to intervene in North Carolina, the judgment there would be decisive as to validity and infringement of the patent. We doubt that Bancroft's own choice to avoid the North Carolina jurisdiction is a sufficient reason to bring into play a discretionary power to enjoin the prior action there pending. * * *"

See also *Hamilton Watch Co.* v. *Read Drug & Chem. Co.*, 35 F.R.D. 125, 129-30 (D. Md. 1964).

In addition, I.P.I., controlling the defense of Murphy in North Carolina, previously sought to stay the North Carolina action and failed. Thereafter, I.P.I., by reason of its control of Murphy's defense and also through the inducement in the form of a $10,000 escrow account to cover

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[5] In *Yale & Towne Mfg. Co.* v. *Manning, Maxwell and Moore, Inc.*, 91 F. Supp. 106 (S.D.N.Y. 1950), the factor of control was decisive. The court stated (108):

> "* * * it has been indicated that the plaintiff herein is conducting the defense in the Michigan action, in which event it can effectively participate in the Michigan action and all parties would be bound by the decision in that suit in any subsequent action. * * * The plaintiff could also intervene in the Michigan action as a matter of equitable right. Chandler & Price Co. v. Brandtjen & Kluge, Inc., 1935, 296 U. S. 53, 56 S. Ct. 6, 80 L. Ed. 39."

"losses" by Murphy, obtained Murphy's "consent" to join No. 3184 as an additional party plaintiff. I.P.I. then moved again, this time in Delaware, to enjoin General Tire from proceeding with the North Carolina action.[6] This time I.P.I. succeeded.

If such tactics are to be condoned, if prior decisions of coordinate courts bypassed[7] and if the statutory requirements for transfer and Rule 13(a) are to be ignored through the exercise of discretion, the prospect for further attempts to oust courts from the exercise of their proper jurisdiction will be greatly enhanced and the outlook for judicial economy diminished. The only way to prevent these problems from arising is for this Court to amplify and restate the operative principles of *Kerotest*.

II

The conflict between the Seventh Circuit and the Third Circuit.

The decision of the Third Circuit affirming the district court's order enjoining General Tire's infringement suit against Murphy in North Carolina places it squarely in conflict with the decision by the Seventh Circuit in *Sundstrand Corp.* v. *American Brake Shoe Co.*, 315 F. 2d 273 (7th Cir. 1963).

In *Sundstrand*, the patentee, American Brake Shoe, commenced an infringement action against the manufacturer,

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[6] General Tire sued Murphy, a manufacturer and a direct infringer in the only district where Murphy could be sued. I.P.I. is not a direct infringer—it is charged only with inducement and contributory infringement.

[7] In *American Chemical Paint Co.* v. *Thompson Chemical Corp.*, 244 F. 2d 64 (9th Cir. 1957), the court reversed an order enjoining the prosecution of a pending suit against a customer when a sister court had already denied a motion to stay. The court stated (244 F. 2d at 66):

> "Considerations of comity and judicial self-restraint should deter one court from thus, in effect, overruling the decision of a court of coordinate jurisdiction. * * *"

Sundstrand, on June 11, 1962, which, for present purposes may be considered as having been filed in the Northern District of Illinois.[8] The next day American Brake Shoe sued two of Sundstrand's customers in the District of Maryland. On July 3, Sundstrand brought a declaratory judgment action against American Brake Shoe in the Northern District of Illinois. These facts parallel those in the present case except that here both I.P.I. and Murphy are manufacturers.

Sundstrand next moved in Illinois to enjoin American Brake Shoe from continuing its suit against the defendants in Maryland. The lower court granted the injunction contingent upon the Maryland defendants filing a voluntary appearance in the Illinois suit. This is a result similar to the order affirmed by the Third Circuit which adds Murphy as a party in Delaware and enjoins prosecution of the North Carolina action—a result which effectively transfers the North Carolina action to Delaware.

The Seventh Circuit, reversing the district court, found that the district court did not have the "discretion" in the interest of judicial economy or otherwise to circumvent 28 U.S.C. § 1404(a), the statutory provision for transfer. Moreover, interpreting *Kerotest,* the Seventh Circuit found that the guidelines set forth in the last paragraph of that opinion were of controlling importance. In direct conflict with the Seventh Circuit opinion is the Third Circuit's view that in a parallel fact situation, the district court has wide powers of discretion, in the interest of judicial economy, to circumvent the statutory provisions for transfer and to ignore the guidelines set forth in the last paragraph of *Kerotest.*

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[8] Actually, the case was filed in the District Court of Colorado and, for reasons not relevant to the issues here, was later transferred to the Northern District of Illinois. The court noted however that its decision and the rationale employed would have remained unaltered even if the Colorado suit had initially been filed in Illinois (315 F. 2d at 277).

In rejecting the lower court's decision to enjoin the customer's suit in Maryland contingent upon the customer's filing an appearance in Illinois, the Seventh Circuit was disturbed that such a move was in effect a transfer of jurisdiction and a subversion of the provisions of the statute governing transfer, 28 U.S.C. § 1404(a). Under the statute, a decision to transfer is within the exclusive authority of the transferor forum and in *Sundstrand* the decision had been made by the "potential transferee" court. The Court found:

> "* * * the order placed in the hands of the defendant customers in the Maryland suit the power to transfer that suit to the Northern District of Illinois without the consent of the patentee-plaintiff or the Maryland District Court." (315 F. 2d at 274)
>
> "* * * nowhere in the [Kerotest] opinion can we find authority for the action of the Illinois District Court in the instant case." (315 F. 2d at 275)
>
> "* * * A motion for transfer under that doctrine [*forum non conveniens*] could only be made in the Maryland District Court, and the District Court for the Northern District of Illinois usurped the prerogative of that court. We say this having in mind the restraining order granted contingent on the customers appearing in the Illinois action—an injunction, in effect, against the forum and not against the cause of action between the parties.
>
> We believe that 'wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation, does not counsel * * *' the exercise of the Maryland court's discretion by the court in Illinois. We say this being mindful of the Supreme Court's acknowledgment that the Declaratory Judgments Act does not place in the manufacturer or the customer the right to choose his forum by abrogating the traditional race to the courthouse. Sundstrand

> may move to intervene in the Maryland case and then move for a *forum non conveniens* transfer to the Northern District of Illinois or the customers may make the motion on their own behalf. We are not prepared to say that that court, in such a contingency, would fail to properly exercise its discretion." (315 F. 2d at 276)

Because of the near identity of the factual situations, this reasoning should apply with equal force to the instant case. The prerogative to afford the relief granted by the district court in Delaware resided only in the district court in North Carolina (as the potential transferor court) under the statute governing transfer.

The public policy regarding transfer is established by 28 U.S.C. § 1404(a). A transfer may not be granted unless the statutory conditions are satisfied. Among other factors, the motion must be brought in the transferor court (North Carolina, here) and the transfer must be made to a district where the transferred action might have been brought originally. See *Hoffman* v. *Blaski*, 363 U. S. 335 (1960). The first condition has been ignored by I.P.I. and Murphy, and the second condition is not met since the action against Murphy could not have been brought in Delaware originally.[9] The circumvention of the statutory provisions for transfer which I.P.I. has been able to achieve through a later filed declaratory judgment action (No. 3184) and by its control of Murphy should not be countenanced.

Thus the Third and the Seventh Circuits are in direct conflict both as to the availability of discretion under those facts and as to the interpretation of this Court's decision in *Kerotest*.

That the defendants in the Maryland action in *Sundstrand* were willing to intervene in the declaratory judgment suit in

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[9] Murphy's conduct after the suit was instituted cannot add to the forums where "it might have been brought." (*Hoffman* v. *Blaski*, 363 U. S. at 343).

Illinois and thereby effect economy of judicial effort was not considered by the Seventh Circuit to be of controlling importance (315 F. 2d at 276 n. 3) nor to override the limits on discretion. The Court of Appeals for the Seventh Circuit, after having fully considered the implications of *Kerotest,* plainly rejected the proposition that "economy of judicial effort" would justify an order of the character entered below in the present case. In contrast, the opinion of the district court in the present case affirmed by the Third Circuit relies entirely upon the proposition of "economy of judicial effort."

If the decision below is allowed to stand, it not only places the Third Circuit in direct conflict with the Seventh Circuit, but even more seriously, it promotes through utilization of later filed "mirror image" declaratory judgment actions the substantial ousting of courts from jurisdiction over previously properly filed infringement actions wherever the court in which the later filed declaratory judgment action is pending can foresee economy of judicial effort. It will render nugatory the limits which the Congress has placed upon transfer and will establish economy of judicial effort as the sole criterion.

Conclusion

For the foregoing reasons, it is respectfully submitted that this Petition for a Writ of Certiorari should be granted.

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Respectfully submitted,

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